



A PHI Company

Pamela J. Scott
Assistant General Counsel

92DC42
500 N. Wakefield Drive
Newark, DE 19702

P.O. Box 6066
Newark, DE 19714-6066

302.429.3143 – Telephone
302.429.3801 – Facsimile
pjscott@pepcoholdings.com

February 11, 2014

**VIA HAND DELIVERY
AND ELECTRONIC MAIL**

Ms. Alisa C. Bentley, Secretary
Delaware Public Service Commission
861 Silver Lake Boulevard
Cannon Building, Suite 100
Dover, DE 19904

Re: PSC Docket No. 12-546 – Delmarva Power & Light Company's
Proposal to Modify its Gas Tariff pertaining to Main Extensions –
Final Tariff Sheets

Dear Ms. Bentley:

In accordance with ordering Paragraph Number 3 of Order No. 8528 in the above-referenced Docket, enclosed please find an original and ten (10) copies of the final revised tariff sheets for Leaf Nos. 27 and 28 of Delmarva's Gas Tariff reflecting the changes approved by the Public Service Commission on February 6, 2014. With the filing of these revised tariff sheets, the changes to Delmarva's Gas Tariff are now effective.

Thank you for your attention to this matter. Should you have any questions, please feel free to contact me at the number referenced above.

Respectfully submitted,


Pamela J. Scott

Enclosure

cc: James Geddes, Esquire (w/enclosure)
Regina Iorii, Esquire (w/enclosure)

RECEIVED
2014 FEB 11 PM 11 36
DELAWARE P.S.C.

DR
Alisa
Mauka
Mark
Jo.
Connie.

Kim Robert Scovill, Esquire (w/enclosure)
David Stevenson (w/enclosure)
Robert Collacchi (w/enclosure)
Robert Kitson (w/enclosure)
Bruce Martin (w/enclosure)
Suzanne Topor (w/enclosure)
Connie McDowell (w/enclosure)
Malika Davis (w/enclosure)
Andrea Maucher (w/enclosure)

RULES AND REGULATIONS

SECTION XVII - EXTENSIONS

A. General

Extensions to the Company's gas system shall be provided, owned and maintained under the terms and conditions herein enumerated.

Extensions, as used in this section, refer to gas mains and associated materials that must be constructed along public streets, roads and highways, or on private property from the Company's existing gas system to the service.

Extensions shall be designed according to accepted industry practices to provide adequate service and shall be installed in accordance with the rules and regulations of the Commission. Modifications to the Company's design, requested by the Requester, shall be made when such modifications are acceptable to the Company in its sole judgment.

Where a Requester requests the Company to install facilities which are more costly than those proposed to be furnished by the Company, the Requester shall pay the Company the difference in cost between the requested installation and that deemed necessary by the Company.

B. Residential Extensions - New Developments

1. If the estimated investment in the extension exceeds five (5) times the related estimated annual net base revenue, excluding all fuel costs ("Estimated Revenue") from Customers to be initially served from the extension, the Applicant shall provide a financial guarantee in accordance with Section XVII-I. This financial guarantee may be waived if the amount is less than \$50.

2. For the purpose of definition, those Customers to be initially served shall include houses or multiple occupancy buildings under construction at the time the contract for the extension is signed. As additional facilities are needed to serve additional Customers, the Applicant may be required to make additional financial guarantees or may receive a refund accordingly.

C. Residential Extensions - Existing Homes – 100 feet per Applicant

1. Applicants included in the procedure must provide a Refundable Qualifying Deposit ("RQD") of \$200. The RQD will be refunded to the Applicant if gas utilization equipment is installed and connected within five (5) years of the date that gas service is first available to that Applicant. If gas utilization equipment is not installed and connected within five (5) years of the date that gas service is first available, the RQD will not be refunded, but will be applied as a Contribution in Aid Construction ("CIAC").

2. The Company will make extensions to existing mains of one hundred (100) feet per Applicant without charge. In the event of multiple Applicants, where no system improvements are required to serve the Applicants, the extension without charge will be 100 feet multiplied by the number of Applicants.

2014 FEB 11 PM 11 37
RECEIVED
DELMARVA P.S.C.

RULES AND REGULATIONS

SECTION XVII - EXTENSIONS

D. Residential Extensions – Existing Home – more than 100 feet per Applicant or system improvement required

1. Applicant(s) included in this process must provide a RQD of \$200. The RQD will be refunded to the Applicant(s) if gas utilization equipment is installed and connected within five (5) years of the date that gas service is first available to that Applicant. If gas utilization equipment is not installed and connected within the five (5) year timeframe, the RQD will not be refunded but will be applied as a CIAC.

2. The Company will make extensions to existing mains using a model based upon a discounted cash flow (DCF) analysis. The DCF Model will evaluate main extensions based upon the estimated cost of the capital expenditures associated with the proposed extension and an estimate of the net revenue to be derived from the original Applicants over the first five (5) years and expected additional new customers who could be served by the main extension. The DCF Model will be on file with the Commission. Applicant(s) shall provide a non-refundable CIAC including all applicable taxes for the excess amount equivalent to the negative net present value of the project prior to the main extension being installed. The CIAC may be waived if the amount is less than the \$200 RQD per applicant.

E. Non Residential Extensions – For General Gas Sales Service Classification Customers Only

The Company will make extensions to the existing mains of one hundred (100) feet per Applicant without charge. Beyond the first 100 feet, if the estimated investment in the extension exceeds three (3) times the Estimated Revenue, the Applicant will be required to provide a CIAC including all applicable taxes for the excess amount. This CIAC may be waived if the amount is less than \$200.

When a line extension and service are both required, the Estimated Revenue shall be compared to the total estimated investment in both the line extension and the service, excluding the first 100 feet of main or service.

F. Non Residential Extensions – All Non-Residential Service Classifications Other Than General Gas Sales

If the estimated investment in the extension exceeds three (3) times the Estimated Revenue, the Applicant will be required to provide a CIAC including all applicable taxes for the excess amount. This CIAC may be waived if the amount is less than \$50.

When a line extension and service are both required, the Estimated Revenue shall be compared to the total estimated investment in both the line extension and the service.

G. Non Residential Dual Fuel Extensions

All Non-Residential Customers who desire service and who have the ability to continuously use an alternate fuel must sign an Application that holds the Customer liable for all estimated costs not covered by actual non-fuel revenues received and retained by the Company.

When a line extension and service are both required, the Estimated Revenue shall be compared to the total estimated investment in both the line extension and the service.

Delmarva Power & Light Company
"P.S.C." Del. No. 5 – Gas

Revision: Original
Revised: February 11, 2014

RULES AND REGULATIONS

SECTION XVII – EXTENSIONS

H. Infrastructure Improvements

The Company may make investments in infrastructure for reasons of timing, convenience, reliability, safety or other reasons as may be appropriate, independent of extension or service requests from Customers. Investments in infrastructure will be undertaken consistent with engineering planning studies and financial analysis. Infrastructure is defined as gas transmission and distribution systems necessary to increase pipeline flow capacity and/or pressures, system reliability or service availability.

The intent of the preceding paragraph is not to avoid the extension rules contained in this Section, or the service installation rules contained in Section VII.

I. Financial Guarantees

Financial Guarantees may be made by payment, deposit, Letter of Credit or other financial instruments at the Company's discretion.

Should the Applicant provide a deposit it will be returned to the Applicant (without interest) in an amount equal to five (5) times the estimated revenue, excluding all fuel cost, from new Customers as each new Customer completes its permanent service connection directly from the extension for which the deposit was required. In no case shall the total refund be greater than the Applicant's deposit. Any portion of the deposit remaining unrefunded after five (5) years from the date the Company is first ready to render service from the extension shall be retained by the Company and credited as a CIAC.

Should the Applicant provide a Letter of Credit or other Financial Instrument, the estimated revenue attributable to the extension shall be examined prior to the Letter's or other Instrument's expiration. The Company may either draw on the Letter of Credit or Instrument or require that it be renewed, where a continued financial guarantee is still required. Such draw shall then be considered a deposit under the above section. The Company shall also have the right to require a Financial Guarantee where it determines that the recovery of the investment is questionable.